

House Taxation,

SB358, by expanding local governmental powers to create TIF districts, moves exactly opposite of what should be done. TIF districts seize property tax levies from the state, school districts, and local governments, and then direct by law these wider affected taxing bodies to increase their levies on external taxpayers to cover the revenues they lost from the TIF districts. I, for example, living outside of Bozeman, pay higher property taxes to my school district, my county government, and to my state, because TIFs established by and within Bozeman capture the said property tax levies within the TIF districts. Voter consent of the adversely affected external taxpayers is not required or even asked for as part of the TIF process. The largest components of my property tax bill each year consists of the state and local levies for school funding. SB358 will now expand to county governments the ability to seize those school levies within their established TIF districts, resulting in the export of school costs to myself and the other external property taxpayers of the county and indeed the state.

From Legislative Services data you will learn that TIF districts in 2009 already seize \$20 million a year from non-district taxpayers of Montana through the process. \$3 billion of that came from the state (95 mill) property tax levy. (I am not sure whether the State just took this \$3 million hit on their general revenues or passed this hit on to all Montana property taxpayers by raising the 95 mills as law seems to direct them to do? But I know that my county and my school district certainly increased their levies on me to make themselves whole as directed by law to do so.)

I predict that enlarging the creation of additional TIF districts with SB358 will see use of the TIF mechanism explode in coming years; the present \$20 million annual diversion of revenues from the many and to the special interest few will soon become peanuts. Part of this explosion will consist of more and more TIF districts being established, but more ominous is that more and more of TIF districts will be packaging their internal spending programs into bond-financed ventures which lock the TIF district into 20 year and longer legal commitments of their TIF revenues to bond repayments. This will make it close to impossible for the legislature to ever undo this monstrosity of legalized seizures of property tax levies in Montana. The Wall Street bond dealers and their lobbyists sent to Helena will make sure of that.

Sure, property owners within TIFs like these districts. Who wouldn't love to be able to spend their property tax bill for internal improvements? Consider my subdivision; suppose we could TIF it. We could improve our parkland with playground for the kids, tennis courts for all. We could install strategic street lights; pave everyone's driveways, build a school bus stop warming hut for the children, fight weeds, plant trees, and plow snow from our roads, etc. But the property taxes of some must go to pay for county government, city government, and schools. Liberate some from this burden, and others must pay more. Why should TIF subsidies exist for the special interest few at the cost to the wider pool of taxpayers --- and by such a back alley procedure?

Please do not enlarge powers to create TIF districts and enable what is really a rather sleazy mechanism for transferring tax burdens from the well-connected few onto the backs of remaining taxpayers. Table SB358. But if you could drastically amend SB358 to repeal the existing TIF powers of cities, that would even be better.

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